

RENTAL INCOME

What is the program type?

IIIF

Does the client manage the property?

Yes

The income is earned.

INCOME & EXPENSES

To determine income, count gross income and allow the same deductions as self employment. **

** Income may be earned but may not be considered self-employment.

No

The income is unearned.

Is the rental income consistent with community standards?

Yes

INCOME & EXPENSES
Count gross income and allow \$30 deduction for expenses.

INCOME & EXPENSES

Count the gross income and allow expenses as follows.

Allow \$30 or actual expenses proven by the client, which ever is greater.

Only the following actual expenses can be allowed if the rental income is unearned:

Taxes and attorney fees needed to make the rental income available.

Upkeep and repair costs necessary to maintain the current value of the property. This includes utility costs.

The interest on a loan or second mortgage taken out for upkeep or repairs.

The value of a monthly one person food stamp allotment for meals provided to a boarder.

IIID

Is the income earned or unearned?**

**Rental income is USUALLY unearned income. The income is unearned if the services provided by the owner:

Do not affect the amount that is charged for rent,

Only provide, protect, or add to the investment.

It is earned income ONLY IF:

It is an integral part of another self-employment business OR

The client also provides facilities or services that are not usually provided in connection with the rental of property. These extra facilities or services must be more than is necessary to maintain, protect, or improve the property AND must affect the amount of rent charged. Clue: The service affects the rent.

The income is earned.

INCOME
Follow rules for self-employment to determine income.

EXPENSES
Follow rules for self-employment.

The income is unearned.

INCOME
Count gross income.

EXPENSES
Deduct the costs of producing the income. Do not allow payments on the principal or costs to increase the value of the property. Do not deduct depreciation.